

## CLEAR SKIES IN NEW JERSEY<sup>1</sup>

**Human Health and Environmental Benefits of Clear Skies:** Clear Skies would protect human health, improve air quality, and reduce deposition of sulfur dioxide (SO<sub>2</sub>), nitrogen oxides (NO<sub>x</sub>), and mercury.<sup>2</sup>

- Beginning in 2020, approximately \$4 billion of the annual health benefits of Clear Skies would occur in New Jersey. Every year, these would include:
  - approximately 500 fewer premature deaths;
  - approximately 300 fewer cases of chronic bronchitis;
  - over 12,000 fewer days with asthma attacks
  - approximately 500 fewer hospitalizations and emergency room visits;
  - approximately 85,000 fewer days of work lost due to respiratory symptoms; and
  - approximately 590,000 fewer total days with respiratory-related symptoms.
- Currently, 3 counties are projected to be out of attainment with the annual fine particle standard and 11 counties are projected to be out of attainment with the 8-hour ozone standard. Based on initial modeling, some of those counties are projected to come into attainment under the existing Clean Air Act; the remaining counties would not attain the standard under either the existing Clean Air Act or Clear Skies. Clear Skies would, however, substantially reduce the concentrations of fine particles and ozone in New Jersey.<sup>4</sup>
- Clear Skies delivers numerous environmental benefits by 2020:
  - visibility would improve 1-2 deciviews throughout much of New Jersey (a change of 1 deciview is a perceptible change in visibility);
  - sulfur deposition would decrease by 15-30% throughout most of the state, particularly in the New Jersey highlands area, where sensitive lakes and streams are susceptible to acid rain;
  - nitrogen deposition would be reduced by up to 15% throughout much of the state, and by up to 30% in some coastal areas where nitrogen deposition contributes to coastal eutrophication; and
  - mercury deposition would decrease up to 25% throughout the state.

### Clear Skies Benefits Nationwide

- In 2020, annual health benefits from reductions in ozone and fine particles would total \$93 billion, including 12,000 fewer premature deaths, far outweighing the \$6.49 billion cost of the Clear Skies program.
- Using an alternative methodology results in over 7,000 premature deaths prevented and \$11 billion in benefits by 2020—still exceeding the cost of the program.<sup>3</sup>
- Clear Skies would provide an additional \$3 billion in benefits due to improved visibility in National Parks and wilderness areas in 2020.

<sup>1</sup> The projected impacts are the results of extensive emissions and regional air quality modeling and benefits analyses as summarized in the *Technical Addendum: Methodologies for Benefit Analysis of the Clear Skies Initiative, 2002*. While the policy analyses tools EPA used are among the best available, all such national scale policy assessments are subject to a number of uncertainties, particularly when projecting air quality or environmental impacts in particular locations.

<sup>2</sup> All human health and environmental benefits are calculated in comparison to existing Clean Air Act programs.

<sup>3</sup> The two sets of estimates reflect alternative assumptions and analytical approaches regarding quantifying and evaluating the effects of airborne particles on public health. All estimates assume that particles are causally associated with health effects, and that all components have the same toxicity. Linear concentration-response relationships between PM and all health effects are assumed, indicating that reductions in PM have the same impact on health outcomes regardless of the absolute level of PM in a given location. The base estimate relies on estimates of the potential cumulative effect of long-term exposure to particles, while the alternative estimate presumes that PM effects are limited to those that accumulate over much shorter time periods. All such estimates are subject to a number of assumptions and uncertainties. It is of note that, based on recent preliminary findings from the Health Effects Institute, the magnitude of mortality from short-term exposure (alternative estimates) and hospital/ER admissions estimates (both estimates) may be overstated. The alternatives also use different approaches to value health effects damages. The key assumptions, uncertainties, and valuation methodologies underlying the approaches used to produce these results are detailed in the *Technical Addendum* noted above.

<sup>4</sup> To permit comparisons among various analyses, the air quality data used in this analysis was fixed as the most complete and recently available as of mid-2001 (1997-1999 ozone monitoring data and 1999-2000 PM<sub>2.5</sub> data). More complete and more recent air quality data for ozone and fine particles (1999-2001 data) indicates some differences in the likely attainment status of some counties. Future analyses of Clear Skies will incorporate the most recent data available.

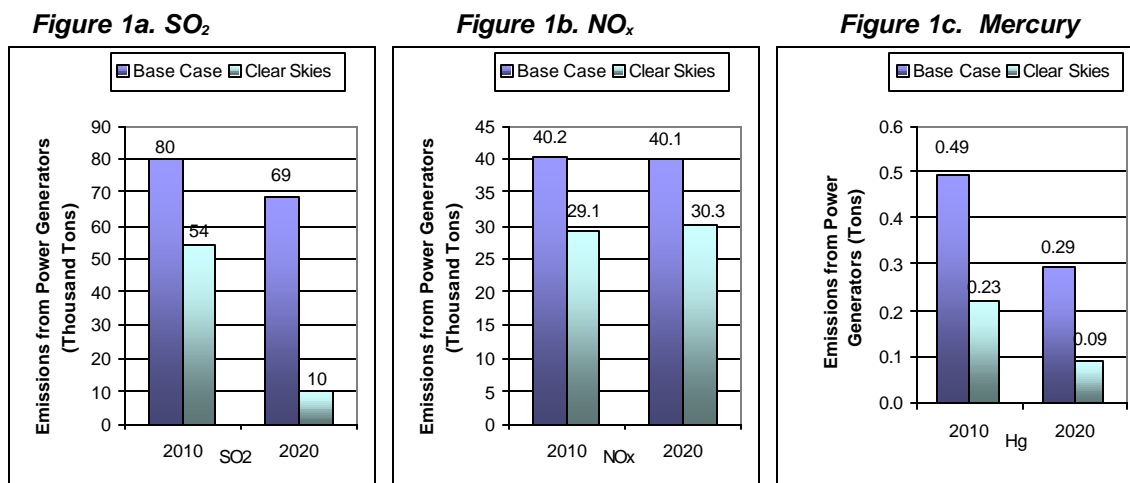
**Changes in Emissions Under Clear Skies:** Clear Skies is projected to result in significant emissions reductions from power generators by 2020.

- In New Jersey, Clear Skies is projected to significantly reduce emissions from power generators by 2020 (relative to 2000 emissions):
  - SO<sub>2</sub> emissions would be reduced by 87% and
  - NO<sub>x</sub> and mercury emissions would be maintained at current levels.

#### Nationwide Emissions under Clear Skies in 2020

- SO<sub>2</sub> emissions from power generators are projected to be 3.9 million tons (a 65% reduction from 2000 levels).
- NO<sub>x</sub> emissions are projected to be 1.7 million tons (a 67% reduction from 2000 levels).
- Mercury emissions are projected to be 18 tons (a 63% reduction from 2000 levels).
- At full implementation, the emission reductions would be 73% for SO<sub>2</sub>, 67% for NO<sub>x</sub>, and 69% for mercury.

**Figures 1a, 1b and 1c.** Existing Clean Air Act Regulations (base case<sup>5</sup>) vs. Clear Skies in New Jersey in 2010 and 2020



- Emissions rates in New Jersey in 2010 and 2020:

**Table 1. Projected Emissions Rates in 2010 and 2020 in New Jersey**

Year		SO <sub>2</sub>	NO <sub>x</sub>			Hg
		Coal	All	Coal	Gas	Coal
		lbs/MMBtu	lbs/MMBtu	lbs/MMBtu	lbs/MMBtu	lbs/TBtu
2010	Base Case	1.36	0.27	0.58	0.07	8.37
	Clear Skies	1.06	0.20	0.45	0.06	4.37
2020	Base Case	1.13	0.24	0.57	0.06	4.85
	Clear Skies	0.15	0.17	0.36	0.06	1.39

**Costs:** Nationwide, the projected annual costs of Clear Skies (in \$1999) are \$3.69 billion in 2010 and \$6.49 billion in 2020.<sup>6</sup>

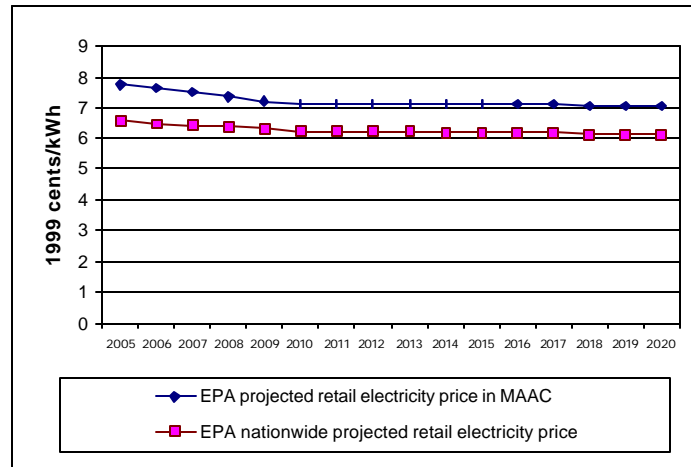
<sup>5</sup> The base case includes Title IV, the NO<sub>x</sub> SIP call and State-specific caps in CT, MO and TX. It does not include mercury MACT in 2008 or any other potential future regulations to implement the current Clean Air Act.

<sup>6</sup> EPA uses the Integrated Planning Model (IPM) to project the economic impact of Clear Skies on the power generation sector. IPM disaggregates the power generation sector into specific regions based on properties of the electric transmission system, power market fundamentals, and regional environmental regulations. These regions do not conform to State or EPA region boundaries making some compliance options, such as dispatch, and associated costs impractical to differentiate at a State or Regional level.

**Changes in Projected Retail Electricity Prices Under Clear Skies:** Electricity prices in New Jersey would not be significantly affected by Clear Skies.

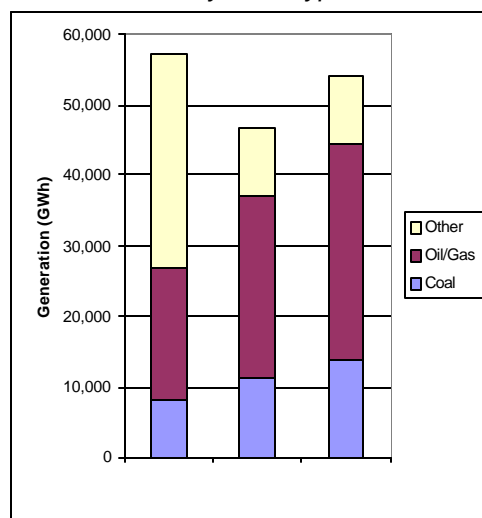
- In 1999, the average retail electricity price in New Jersey was approximately 9.99 cents/kWh, which was above the average *national* retail price of approximately 6.66 cents/kWh.<sup>7</sup> As shown in Figure 3, retail prices in MAAC (the North American Electric Reliability Council (NERC) region that contains New Jersey) are projected to decrease and remain above the national average between 2005 and 2020.<sup>8</sup>

**Figure 2.** *Projected Retail Electricity Prices in MAAC under Clear Skies (2005-2020)*



**Generation in New Jersey Under Clear Skies:** Coal-fired power plants currently produce 14% of the electricity generated in New Jersey. This level of coal-fired generation would increase in New Jersey under Clear Skies to approximately 24% by 2010, and 26% by 2020.

**Figure 3.** *Current and Projected Generation by Fuel Type in New Jersey under Clear Skies (GWh)<sup>9</sup>*



<sup>7</sup> Source: 1999 EIA data at [http://www.eia.doe.gov/cneaf/electricity/page/fact\\_sheets/retailprice.html](http://www.eia.doe.gov/cneaf/electricity/page/fact_sheets/retailprice.html).

<sup>8</sup> State-level retail electricity prices vary considerably across the United States. Variation in prices can be caused by many factors including access to low cost fuels for generating power, State taxes, and the mix of power plants in the States.

<sup>9</sup> Source: 1999 data from EIA at [http://www.eia.doe.gov/cneaf/electricity/st\\_profiles/new\\_jersey/nj.html](http://www.eia.doe.gov/cneaf/electricity/st_profiles/new_jersey/nj.html) (Table 5).

- EPA does not project that any facilities in New Jersey would switch from coal to natural gas in response to the Clear Skies emissions caps. Instead, sources in New Jersey would reduce their emissions through the installation of control technologies:
  - By 2010, coal-fired capacity in New Jersey is projected to be approximately 2,000 MW under Clear Skies. Approximately 400 MW of New Jersey's coal capacity is projected to install Selective Catalytic Reduction (SCR) and 1,700 MW are projected to install scrubbers.
- 75% of New Jersey's coal-fired generation is projected to come from coal units with emission control equipment in 2010 and 96% in 2020.<sup>10</sup>

**Coal Production in New Jersey:** New Jersey did not produce coal in 2000 and is not projected to produce coal under Clear Skies.

**Major Generation Companies in New Jersey:** The ten largest plants in the State -- each over 600 MW -- are a combination of nuclear, petroleum-, gas-, and coal-fired plants. The major generation companies include: Public Service Gas & Electric Company, Jersey Central Power & Light Company, Atlantic City Electric Company, Rockland Electric Company, and the City of Vineland.

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<sup>10</sup> Emissions control equipment includes, where applicable, scrubbers, selective catalytic reduction, selective non-catalytic reduction, gas-reburn and activated carbon injection.